

November 8, 2017

To: Participants in the Blue Cross Blue Shield Medical Plan as of 1/1/17

From: Karla Smith, Director of Human Resources

Re: Distribution of Blue Cross Blue Shield funds

In 2011, St. Peter's Hospital sold its ownership interest in New West Health Services and transitioned its employee health coverage to Blue Cross Blue Shield of Montana. As a part of the health insurance transition, St. Peter's set up an employee trust account in order to share some of the proceeds with the employees that participate in the health plan. In 2017, this employee trust account has a balance which the hospital is distributing to active employees that have been enrolled in the health plan since January 1, 2017. Each employee enrolled in the health plan will receive an equal distribution regardless of which plan the employee is enrolled in or their full-time/part-time status. This amount computes to \$156.15 per employee.

This distribution is considered to be a reduction to the amount that an employee contributes to the health plan in 2017. Because health plan contributions are considered "pre-tax", the return of some of that contribution is subject to income tax. Therefore, taxes have been withheld for this distribution. This is the final distribution.

Since the hospital and employees share in the cost of the health insurance plan, St. Peter's felt it was important that any proceeds from switching to Blue Cross Blue Shield be shared with the employees. Thank you for participating in the hospital health insurance program.